



INSTRUCTIONS

NAME & TAXPAYER IDENTIFICATION NUMBER

ENTER the taxpayer's name and taxpayer identification number [Federal Employer Identification Number (FEIN) or Department Identification Number (DIN)] in the spaces provided.

For the purpose of administering any state tax as allowed under 42 U.S.C Section 405, the Commissioner of the Department of Revenue Administration is authorized to require the submission of an SSN, a FEIN, or any other identifying number used in filing or preparing federal tax returns by individuals, businesses, or return preparers. (See RSA 21-J:27-a; N.H. Code of Admin. Rules, Rev 2903.02 (c); and 42 USCS 405 (c) (2) (C) (i)). Where SSNs or FEINs are required, taxpayers who have been issued a DIN must use their DIN only, and not their SSN or FEIN.

Enter the beginning and ending dates of the taxable period if different from the calendar year.

These instructions apply to a separate entity corporate filer.

New Hampshire requires business organizations that are conducting a unitary business inside and outside New Hampshire to file a combined Business Profits Tax (BPT) return (a member of the unitary group must be subject to tax in another jurisdiction). There is a New Hampshire Combined Business Profits Tax Return booklet with information, forms and instructions specifically for combined groups. Combined groups are **required to use Form NH-1120-WE** which can be obtained from our website at www.revenue.nh.gov/ or by calling the Forms Line at (603)230-5001.

IF THIS BUSINESS FILES AN 1120S U. S. INCOME TAX RETURN FOR AN S-CORPORATION WITH THE INTERNAL REVENUE SERVICE, A NH DP-120 "COMPUTATION OF S-CORPORATION GROSS BUSINESS PROFITS" MUST BE COMPLETED BEFORE THIS FORM IS COMPLETED.

CALCULATE YOUR TAX-Page 1 and 2

ROUND EVERY ENTRY TO THE NEAREST WHOLE DOLLAR (IF 49 CENTS OR LESS ROUND DOWN, IF 50 CENTS OR MORE ROUND UP). **REPORT NEGATIVE AMOUNTS USING A MINUS SIGN.**

LINE 1 ENTER THE AMOUNT FROM LINE 28 OF THE FEDERAL FORM 1120, OR COMPLETE A NH DP-120 AND ENTER THE AMOUNT FROM LINE 2 OF THE NH DP-120 (Attach DP-120 to the tax return).

Lines 2(a) through 2(g) are adjustments necessary to increase or decrease gross business profits to reflect the Internal Revenue Code (IRC) of 1986 in effect on December 31, 2000.

Every business organization which commences business after 12/31/2000, or has been in New Hampshire prior to 12/31/2000 and has availed their business of federal changes after 12/31/2000, must account for the differences between the IRC in effect on 12/31/2000 and the changes made to that IRC by Congress from 1/1/2001 to the end date of this tax period except for the IRC §179 Deduction. The adjustments on Lines 2(a) through 2(g) reflect the adjustments that are necessary to account for the changes. If a taxpayer seeks to report a necessary adjustment that has not been delineated in other sections of Line 2, attach an explanation for either Line 2(d) or 2(f).

The statutory requirement to follow the 12/31/ 2000 IRC has significant impact on the tax basis of assets used in businesses operating within New Hampshire, and also within and without New Hampshire. A separate accounting of the New Hampshire tax basis must be maintained for depreciation purposes and for determination on the gain or loss in the event of the sale of business assets. The Department website has provided a link to IRS forms and instructions for business deductions, depreciation, and basis of assets as determined on 12/31/2000 to aid in the preparation of the Business Profits Tax return.

LINE 2(a) Add the amount of IRC §179 expense taken on the Federal Form 4562 in excess of \$25,000 for property placed in service on or after January 1, 2012 deducted on Line 1 of this form or on Form DP-120, Line 1(k), including carryover amounts, but not more than the federal taxable income for any year a IRC §179 expense is deducted in the taxable period.

LINE 2(b) Add the amount of bonus depreciation taken on the federal return for assets placed in service this period. Bonus depreciation, allowed federally under IRC §168(k), is not allowed on the NH-BPT return.

LINE 2(c) Add the amount of Domestic Production Activities deduction taken on the federal return this year. Domestic Production Activities deductions are not allowed on the NH-BPT return as allowed on federal returns per IRC §199. This line does not apply to a Federal Form 1120S, U.S. Income Tax Return for an S Corporation as this deduction is taken on the shareholder return and not on the Form 1120S.

LINE 2(d) Add any other deductions taken on the Federal Return that need to be eliminated or adjusted due to revisions to the IRC in effect on 12/31/2000.

LINE 2(e) Deduct additional depreciation related to IRC §179 and bonus depreciation not allowed for this tax year or for prior tax years. Because there may be a basis difference due to the federal and state treatment of IRC §179 expense, and bonus depreciation, the regular depreciation allowed under IRC §167 and IRC §168 may be different than that deducted on the federal return. Recalculate your allowable depreciation and deduct the difference on this line.

LINE 2(f) Deduct any other items included on the federal return that need to be eliminated or adjusted due to revisions to the IRC in effect on 12/31/2000.

LINE 2(g) Increase or decrease the net gain or loss on the sale of assets used in the business which have a different state adjusted basis from the tax adjusted basis reported on the federal return. Because there may be a basis difference due to the federal and state treatment of IRC §179 expense, and bonus depreciation, the regular depreciation allowed under IRC §167 and IRC §168 may be different on the NH-BPT return than that deducted on the federal return. This may create a different adjusted basis to assets used in the business which have not been completely depreciated, and thus a different gain or loss for state reporting than that reported on the federal return on the sale of business assets. Recalculate the gain or loss and place the difference on this line.



INSTRUCTIONS - continued

LINE 2(h) The sum of Lines 2(a) through 2(d), minus Lines 2(e) and 2(f), adjusted by Line 2(g); if negative result, use a minus sign.

LINE 3 Subtotal Line 1 adjusted by Line 2(h); if negative result, use a minus sign.

LINE 4 Separate entity adjustments to income or expense, attach schedule. Enter the amounts which arise from the necessity of adjusting Gross Business Profits to accommodate the New Hampshire requirement of separate entity treatment for business organizations.

LINE 5 Gross Business Profits (combine Line 3 and Line 4).

LINE 6(a) Deduct interest income earned resulting from investments in direct United States obligations, net of expenses, on this line.

Federal obligations are exempt from tax by states or their political subdivisions when obligations are issued to secure credit to carry on the necessary functions of government. Exempt U.S. Government interest claimed as a deduction must be reduced by the following expenses if the expenses were claimed as deductions in arriving at your federal taxable income:

- interest on money borrowed to purchase or carry the bonds or securities; and
- ordinary and necessary expenses paid or incurred in connection with producing exempt income.

These expenses may also be added back on Line 6(e). Do not add back twice.

LINE 6(b) Add income taxes or franchise taxes measured by income. Add, on this line, deductions for taxes that have been taken on the Federal Return for any state, subdivision of a state, or foreign taxes based on or measured by net income.

The Business Enterprise Tax (BET) is not based on or measured by net income and is not added back. BPT is based on net income and must be added back, if a deduction for BPT has been taken on your Federal tax return.

LINE 6(c) Add federal non-recognized IRC §337 gain. New Hampshire recognizes the gain on the distribution of property from a subsidiary to its parent in complete liquidation of the distributee. The gain of the liquidating corporation is determined using the New Hampshire basis of the assets distributed.

LINE 6(d) Deduct the wage adjustment required by IRC §280C. Deduct the wages or salaries paid or incurred for the taxable year which is equal to the sum of the credit determined for the taxable year under IRC §45A(a), §51(a), §1396(a), §1400P(b), and §1400R.

LINE 6(e) Add expenses related to constitutionally exempt income. Expenses that are incurred to produce income that is constitutionally exempt from taxation in New Hampshire must be added back to gross business profits. These expenses include such items as interest expense and other expenses incurred to earn interest from investments in direct U.S. obligations. This add back also includes expenses related to the production of non-unitary income not included on this return.

LINE 6(f) Deduct Foreign dividend gross-up (IRC §78). IRC §78 provides that dividends received from foreign affiliates are "grossed-up" to include income taxes paid on the dividends to foreign countries. The taxpayer can then apply the grossed-up amount in computing its foreign tax credit for federal purposes. The amount of gross-up is a separately stated item on the Federal Form 1120, Schedule C. Qualified dividends do not include IRC §78 amounts. Deduct the gross-up on this line.

LINE 6(g) A deduction is allowed for the contribution of scientific equipment or apparatus to an educational organization or institute of higher education equal to the sum of the taxpayer's basis in the contributed property plus 50 percent of the unrealized appreciation, or twice the basis of the property, whichever is less.

LINE 6(h) Deduct the allowable net operating loss carry forward from a prior year. Deduct net operating losses from prior years on this line. Use Form DP-132 to calculate this deduction.

The Net Operating Loss Deduction (NOLD) must be apportioned to the taxable period(s) in which the loss occurred to determine the amount of the carry forward based on the apportionment determined on the Form DP-80. Form DP-132 must be attached for this deduction. You must report the NOLD available and the amount of NOLD to be carried forward.

LINE 6(i) The following adjustments are required to account for the increase in the basis of assets federally due to the sale or exchange of an interest in the business organization:

Line 6(i) - A: Report the amount of the increase in the basis of assets federally, attributable to the sale or exchange of an interest in the business organization. If multiple sales or exchanges, provide an aggregated figure, check the appropriate box(es) below, and attach a schedule of transactions.

Checkbox: If making an election pursuant to RSA 77-A:4, XIV (b) to recognize the basis increase for any sale or exchange reported on Line 6(h) - A, check the "Yes" box. If reporting elections for multiple transactions check the "Yes" box and attach a schedule reporting the details for each transaction.

Line 6(i) - B: If not making an election pursuant to RSA 77-A:4, XIV (b) to recognize the basis increase for a sale or exchange reported on Line 6(h) - A, deduct the basis increase associated with the sale(s) or exchange(s) for which an election is NOT being made. If multiple sales or exchanges provide an aggregated figure and attach a schedule of transactions.

Line 6(i) - C: Add the amount of depreciation claimed on the federal return that is attributable to an increase in the basis of assets that has not been recognized for NH purposes pursuant to RSA 77-A:4, XIV (a)(1).



INSTRUCTIONS - continued

For sales or exchanges occurring on or after January 1, 2016, an entry on this line is required to account for federally reported depreciation attributable to an increase in the basis of assets attributable to a sale or exchange transaction where an election to recognize the basis increase pursuant to RSA 77-A:4, XIV (b) was not made in the current taxable period, or a prior taxable period, for the economic life of the asset(s) in question.

For sales or exchanges occurring before January 1, 2016, an entry on this line is required to account for federally reported depreciation attributable to an increase in the basis of assets attributable to a sale or exchange transaction where an addition to gross business profits was not made in accordance with Rev 302.02, for the economic life of the asset(s) in question.

Line 6(i) - D: Adjust the gain or loss with respect to the sale of assets to account for an increase in the basis of assets that was not recognized for NH purposes pursuant to RSA 77-A:4, XIV (a)(2).

For sales or exchanges occurring on or after January 1, 2016, an entry on this line is required to account for federally reported depreciation attributable to an increase in the basis of assets attributable to a sale or exchange transaction where an election to recognize the basis increase pursuant to RSA 77-A:4, XIV (b) was not made in the current taxable period, or a prior taxable period, upon the sale or disposition of the asset(s) in question.

For sales or exchanges occurring before January 1, 2016, an entry on this line is required to account for federally reported depreciation attributable to an increase in the basis of assets attributable to a sale or exchange transaction where an addition to gross business profits was not made in accordance with Rev 302.02, upon the sale or disposition of the asset(s) in question.

Enter the cumulative total of all items and adjustments reported on lines 6(i) - A through 6(i) - D.

LINE 6(j) Add Qualified Investment Company (QIC) holder's proportional share of QIC profits. Add your share of QIC profits on this line. A business organization which holds an interest in a QIC must add to gross business profits their share of the QIC profits for the year, losses are not deducted. If the QIC makes a distribution, do not include the distribution in gross business profits of the interest holder.

LINE 6(k) Deduct assistance payments under 12 U.S.C. § 1823. Deduct assistance payments included on the Federal Tax form for assistance payments made to insured depository institutions. The Federal Deposit Insurance Corporation is authorized, in its sole discretion and upon such terms and conditions as the Board of Directors may prescribe, to make loans to, to make deposits in, to purchase the assets or securities of, to assume the liabilities of, or to make contributions to, any insured depository institution.

LINE 6(l) Net Lines 6(a) through 6(k).

LINE 7 Adjusted Gross Business Profits
Combine Lines 5 and 6(l).

LINE 8 NEW HAMPSHIRE APPORTIONMENT

Business organizations which have business activity, including rental activity, both inside and outside this state AND which are subject to income taxes (or a franchise tax measured by net income) in another state, or are subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, whether or not actually imposed by the other state, must apportion gross business profits to New Hampshire by using Form DP-80, Apportionment of Income. Form DP-80 may be obtained from the Department's website at www.revenue.nh.gov/ or by calling the Forms Line at (603) 230-5001. After completing Form DP-80, enter the apportionment to six decimal places on Line 8. All others enter 1.00 on Line 8. A business organization whose activities do not exceed the protection of P.L. 86-272 shall claim the exemption by checking the box and entering 0.00 on Line 8.

LINE 9
Enter the product of Line 7 multiplied by Line 8. If negative result, enter zero.

LINE 10
Enter the product of Line 9 multiplied by 8.2%.

CALCULATE YOUR CREDITS

LINE 11 CREDITS

LINE 11(a) If you have paid the BET in this year or have carryover BET credits from the prior 5 years, and have no other credits, enter the BET credit on Line 11(a).

LINE 11(b) If you have credits in addition to the BET credit enter the total credits available on this line. Do not also enter BET credits on Line 11 (a). Attach Form DP-160; only available to those entities that have more than one credit available.

LINE 12 New Hampshire Business Profits Tax Net of Statutory Credits (Line 10 minus Line 11(a) or Line 11(b)). The amount cannot be less than zero.

Enter the amount from Line 12 on Line 1(b) of the NH BT- Summary Form.

THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.